

# COMMONWEALTH OF VIRGINIA

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## VIRGINIA HOUSING COMMISSION

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### SUMMARY

#### **Affordable Housing, Real Estate Law and Mortgages Thursday, September 26, 2017, 10:00 AM House Room1, The Capitol**

#### **Work Group members in attendance:**

Delegate Christopher Peace; *Chair*, Senator George L. Barker, Delegate Betsy Carr, Mark Flynn; *Governor Appointee*, Lawrence Pearson; *Governor Appointee*, Robert N. Bradshaw; *Independent Insurance Agents of VA*, Andrew Clark; *Home Building Association of VA*, Tyler Craddock; *VA Association of Housing & Community Development Officials*, Andrew Friedman, *VA Beach Dept. of Housing & Neighborhood Preservation*, Brian Gordon; *Apartment & Office Bldg. Association of Metro Washington*, Kelly Harris-Braxton; *Virginia 1st Cities*; Michelle Gowdy; *VML*, Joe Lerch; *VA Association of Counties*, Katherine Payne; *Williams Mullen*, Renee Pulliam; *VA Apartment Management Association*, Jay Speer; *Poverty Law Center*, Elizabeth Steele; Stewart Title, William Walton; *Real Property, Inc.*

**Staff:** Elizabeth Palen, *Executive Director of VHC*

- I. **Delegate Chris Peace, Chair of Workgroup** welcomed the workgroup everyone to the meeting called it to order.
- II. **Dr. Gail Mottola of Lets Open Doors of Virginia Beach** began the discussion and **Cindy Davis of Building & Fire Regulations, DHCD** offered the Building Code perspective.
  - **Issue:**  
Gail Mattola spoke about manual entry door hardware and an inexpensive fix to delay the opening of doors. She says that there is a necessity to have it installed for people who are elderly, disabled or have young children to have doors have a five second delay to allow easier entrance to buildings.
  - **Solution:**  
Cindy Davis explained how door hardware is currently regulated by the Uniform Statewide Building Code (USBC) that has three distinct parts.

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DELEGATE DANNY W. MARSHALL  
DELEGATE DAVID L. BULOVA  
DELEGATE BETSY CARR  
DELEGATE BARRY D. KNIGHT  
DELEGATE CHRISTOPHER K. PEACE

SENATOR MAMIE E. LOCKE  
SENATOR GEORGE L. BARKER  
SENATOR WILLIAM M. STANLEY, JR.

MARK K. FLYNN  
LAURA D. LAFAYETTE  
LAWRENCE PEARSON

Under the construction code, Chapter 11, all accessible features from the ICC 317; International Code Council, which is what Virginia Code based on, staff architect are guided on which standards to use.

Part II of the USBC is rehabilitation portion of the Code. A determination is made to decide which method of accessibility is necessary and included are all alterations that involve a change of use of a structure. This issue is already regulated in the Building Code. It depends on how much readaptation is taking place in a building and references back based on the primary function area, and the Code in place when the building was constructed.

Part III of the USBC is the Maintenance Code; it says whatever you have installed you have to maintain. Adjustments to adhere to pounds of pressure can be made to doors. Not all counties are covered under the Maintenance Code, but, approximately 80% of counties are covered.

Delegate Peace inquired under Parts II and III of the Building Code would these of door handles be installed?

Cindy Davis replied that it depends what is occurring in the building if it is a store or if the building is renovated. If there has been a change of use the entire building may have to comply. Decisions are made on a case-by-case basis.

A question was asked, if the door is installed but not adjusted correctly is it in compliance? The answer is No -before CO certificate of occupancy everything is 1 checked--everything afterwards is maintenance issue.

Delegate Peace asked if the doors to the General Assembly Building being built are complaint. The answer was they should be as it is a new building.

If you believe a door is required to be complaint you may call your local building department--if it is required to be an accessible door and if the area has adopted the Maintenance Code, then it is required to be maintained.

- **Issue: Real Estate Appraisal 1517 Wagner III. Real Estate Appraisal Management Company/Compensation (SB 1575; F. Wagner, 2017)**

Several speakers spoke on both sides of the issue / no solution was reached on the issue. AMC refers to an appraisal management company.

**John Russell** American Society of Appraisers, a 501(c) (6); Virginia Coalition Appraisal Executives, the compensation for appraisers is determined from appraisal management companies and from interpretation of the truth and lending portion of the Dodd Frank Act.

Because of rapid expansion there needs to be a firewall between the appraiser and lender but the fees have lessened what appraisers receive. There needs to be an appraisal fee table; currently Virginian and West Virginian appraisers receive the same amount and a company out Detroit, Michigan makes the decisions for Virginia appraisers.

There is a need to look at each individual assignment not just use the terms customary and reasonable. What is occurring now is not within the spirit of law--just because someone is willing to do it doesn't mean fulfill requirement.

Renee Pulliam inquired if a lender may contract directly with appraiser? Answer is 80% of lenders use AMC's.

Delegate Peace said there needs to be a more market based approach but there is no natural market today.

**Mark Chapin**, who is an executive in the AMC industry as well as a Virginia certified appraiser is in opposition to the concepts in Senator Wagner's Bill No. 1575 as he believes it is anti-competitive. Fee appraisers are independent; there is no public good achieved by higher prices paid. Currently there are no legal disputes pending about paying custom and reasonable fees to appraisers.

**Rob Arthur**, is the branch manager for Fidelity Bank Mortgage, and Virginia Mortgage Lender's Association; immediate past President. It is the trade association for mortgage industry people; 100 people represent over 1,000 people. To change the current situation would drive up cost for homebuyers and now a third party service provider is independent from lenders. AMC's are highly valued partners that insure appraisals go well. The system is not broken and there is no evidence it needs to be changed. The free-market would be removed and he is concerned that it would ultimately harm consumers.

**Chip Dicks** said that AMC's are paid by bank which is different from Virginia law 2012. He wondered if Virginia would be out of compliance with federal law if Senator Wagner's bill passed.

### **III. Public Comment:**

#### **Matt Bruning, Virginia Bankers Association**

He is opposed to bill; he said there is nothing in federal law saying you need to use an AMC.

#### **Pat Turner**

His appraisal license number in Virginia is No. 4, he has 45 years' experience.

The client fee (bank) \$790 AMC fee is \$445 -- AMC controls the order to appraiser and what the bank is going to charge. There are low fees and appraisals go to those who will accept the least amount of pay and Virginia then gets the least qualified appraisers.

He cited a Washington Post article from March 2017 -- a consumer was charged \$1400 by the lender and the appraiser received \$400. Originally he was in favor of regulation originally and he encourages others not to include their invoice but instead to send as a separate attachment. There is no AMC money coming into the Virginia economy.

There needs to be a change; now there is a blast order by text and the first to respond get the order. He has asked about the order and been told to check Zillow.

He told story of an AMC who didn't know what a conservation easement was; he spoke with a trainee licensee who didn't understand valuation of land.

### **Bernie Bugg**

He is a certified appraiser from Chesterfield and has been an appraiser for 25 years. He is in favor of Senator Wagner's appraisal legislation.

There was no further comment and no consensus about moving the topic forward to the full Commission meeting

The meeting was adjourned at 300 p.m.